

SUMMARY OF PROCEEDINGS
REAL ESTATE LICENSE COMMISSION
STATE OF HAWAII
205 Empire Bldg., Honolulu, Hawaii
MARCH 24, 1960

The CHAIRMAN, Mr. AARON M. CHANEY, called the meeting to order at 9:00 a.m.

Present were: Aaron M. Chaney, Chairman
Dorothy S. Ahrens, Member
James C. Ching, Member
Charles C. Cross, Member
Yukio Kashiwa, Member
Erling P. Wick, Member
Hirotoshi Yamamoto, Member
Robt E. Bekeart, Executive Secretary
Hannah Furuta, Recording Secretary

ORDER OF BUSINESS

MINUTES OF PREVIOUS MEETINGS

The minutes of the meeting of January 14, 1960 were approved as circulated.

Minutes of the February 25, 1960 meeting were approved with a minor change of the word "the" to "all" on page 4, referring to projects that should be kept under close scrutiny of the Commission.

The CHAIRMAN directed that hereafter minutes be circulated to members in final form, instead of in draft, and that a folder be prepared for each member with copies of minutes and pertinent data. He also directed that members be supplied with self-addressed, stamped envelopes for convenience in transmitting information and for replying.

FISCAL REPORT:

The CHAIRMAN stated the reason for presenting the financial statement of the Commission to members is to keep them informed of the financial status of funds entrusted to the Commission in custody and the expenses approved by him for payment out of said funds. Mr. BEKEART was called on to explain the 5% assessment levied to Special Fund Accounts, which amounted to \$1,753.30 for the quarter ended December 31, 1959. EXECUTIVE SECRETARY also explained that February was an exceptionally high disbursement month owing to certain unusual expenditures as listed under asterisk explanation. It was moved, seconded and carried that the fiscal report be accepted.

ANNOUNCEMENT

Mr. YAMAMOTO suggested that members chip in to the RELCO KOFFEE KLUB to help defray cost of serving refreshments at meetings. \$2.00 per member per year was agreed on.

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ADMINISTRATION

It was moved, seconded and unanimously carried that the following brokerage licenses issued and use of fictitious names be confirmed as tentatively approved by EXECUTIVE SECRETARY on the dates indicated:

Corporation:	Pacific Paradise Real Estate, Inc.	3/14/60
	Kalihi Enterprises, Inc.	3/18/60
Partnership:	Stephen K. Miyagawa and Jack Komagome	
	dba Home Ownership Realty	2/26/60
	Hamaguchi & Kamikawa Realty	3/14/60

The fact was brought up that PACIFIC PARADISE REAL ESTATE, INC. had advertised in the papers before the corporation had been properly registered with both the TREASURY DEPARTMENT and the REAL ESTATE LICENSE COMMISSION. EXECUTIVE SECRETARY stated some action should be taken to keep this entity in line. It was suggested that the principal broker be brought before the Commission and orally reprimanded. Mr. YAMAMOTO felt that a violation of this nature should be limited to a reprimand by letter and warning. Mr. KASHIWA suggested that the Staff study past complaints against Mrs. AGNES BRYAN, of this firm, to determine if reports of her influencing her employing brokers in various transactions might not be a cause for investigation and action by the COMMISSION.

CRIMINAL RECORDS CHECK

EXECUTIVE SECRETARY brought the members up to date on the actions taken since the February 25 discussion of this problem. He stated that Mr. GORDON SHANKLIN, Special Agent in Charge of the local office of the FEDERAL BUREAU OF INVESTIGATION advised that his office could do little for us and recommended that we work with the local law enforcement agencies. A meeting was held with INSPECTOR HASEGAWA of the HONOLULU POLICE DEPARTMENT. The CHAIRMAN relayed the procedure of check by fingerprints which are transmitted to WASHINGTON headquarters of the F.B.I. for a complete report as to a local criminal record as well as federal offenses, that this service would be at no cost to us and would be worked through the office of the State's BUREAU OF CRIME STATISTICS AND IDENTIFICATION. Oahu applicants would have prints taken at the Armory office of the Bureau and neighbor islands applicants could have fingerprints taken at their respective island police department headquarters.

Mr. KASHIWA asked of the practice of other jurisdictions on this problem, to which Mr. BEKEART replied that California, Nevada and some of the other western states have this provision written into their laws but that it is not a requirement in the majority of the states. The fact was also brought out that CPA's, doctors and lawyers are not required to be fingerprinted.

Inasmuch as the opinion of the membership varied from getting into fingerprinting immediately, working into it gradually with public education, confining fingerprinting to people recently arrived in Hawaii, to those definitely against it, the CHAIRMAN directed that this matter be tabled until still further study could be made^{at} a meeting with Mr. WILLIAM A. WONG, Director of the BUREAU OF CRIME STATISTICS AND IDENTIFICATION and the problem should also be discussed with the Legislation Committee of the HONOLULU REALTY BOARD. The neighboring

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island members consented to allow the four Oahu members to meet later to arrive at a decision on this matter as this problem concerns mostly to Oahu residents.

EXAMINATION DATES

Mr. BEKEART explained the article which appeared in the local paper immediately after the March Salesman examination and the reason for the change in examination schedule was to accommodate the real estate courses offered at the University of Hawaii.

It was moved, seconded and carried that the next Salesman examination in Honolulu be scheduled for July 9 and Broker examination on July 16. Neighbor islands will have both salesman and broker examinations on July 16.

LEGISLATION

H. B. 347, in short form, was read by EXECUTIVE SECRETARY and he reported on the hearing which was held by the HOUSE EDUCATION COMMITTEE on March 10, 1960. The CHAIRMAN reported on his appearance before the COMMITTEE and speaking in favor of the bill as a step in the right direction. Bill has since passed first reading and it does not appear at this time that it will be brought out of COMMITTEE. The CHAIRMAN gave a brief background on this bill and other efforts by the legislature to effect a real estate curriculum at the UNIVERSITY OF HAWAII.

Mr. BEKEART reported on the notice from the HOUSE JUDICIARY COMMITTEE inviting the COMMISSION to submit a report on the proposed Administrative Procedures Act which is currently under study in the lower House.

ENFORCEMENT

The CHAIRMAN called on Mr. CROSS to report on the "KING'S LANDING" sales promotion by the WATUMULL INVESTMENT COMPANY. Mr. CROSS explained that while there is no immediate apparent misrepresentation in the promotion and advertisements, there is no guarantee or provisions made that roads, utilities, golf course and other recreational facilities as advertised will be effected within the foreseeable future. He reported his concern over the lack of legislation to protect buyers who look forward to fulfillment of these promises and representations.

FORMAL HEARING

At this point the proceedings were interrupted to allow the formal hearing, scheduled for 10:00 a.m., to proceed on the case of REAL ESTATE LICENSE COMMISSION vs. VIOLET C. KING. (Transcript of this hearing is made a part of the minutes hereof.)

After the formal hearing the EXECUTIVE SECRETARY was directed to inform Court Reporter to prepare the transcription as soon as possible. Continuation of the hearing was set for April 19, 1960 following conference between EXECUTIVE SECRETARY and respondent's counsel. All parties concerned were

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directed to be resubpoened.

The regular monthly COMMISSION meeting will also be held on this date, April 19.

The meeting reconvened on completion of the formal hearing.

GRASS SHACK VILLAGE OF HAWAII, Ltd

EXECUTIVE SECRETARY reviewed the action taken by the Staff since first receiving the initial telephone inquiry by Mr. WILLIAM K. AMONA who identified himself as attorney for a client, one Mr. RICHARD M. DEEN who was forming a corporation with the objective of offering for sale undivided interests in land located on the Island of Hawaii. The similarity of the prospectus with others that have been offered in this jurisdiction, as well as nationally, was discussed. Actions of procuring the WARRANTY DEED card and subsequent conferences with Mr. KAZUYOSHI AKITA, Deputy Attorney General assigned to the DEPARTMENT OF PUBLIC LANDS: Mr. TENNY HOON TOM, Deputy Attorney General assigned to this COMMISSION and Mr. H. RODGER BETTS, Assistant Attorney General, were reported on. Mr. BEKEART also stated he had had support from various merchandising outlets in restricting the sale of the "WARRANTY DEED" card and also that he had been in telephone contact consistently with Mr. AMONA on this matter.

The CHAIRMAN introduced a letter dated March 18, 1960 from Mr. WILLIAM K. AMONA, attorney for GRASS SHACK VILLAGE OF HAWAII, LTD in which he made demands on the COMMISSION to state its position in this matter and such a position be in writing so that the corporation he represents may test the validity of a decision or that a conference be set up with the State Attorney General to arrive at a decision on the validity of the sale of an undivided interest in land through the apparatus of this WARRANTY DEED card. It appears that the case rests on whether the sale of such an undivided interest in land, through this apparatus of a printed and numerically serialized card, is considered sale of real estate within the definition of Chapter 170 or a greeting card.

It was agreed that the CHAIRMAN write a letter to the Attorney General requesting an opinion on this subject. It was further stipulated that Mr. AMONA be advised of our course of action and the matter would rest there until an opinion has been received by this agency from the DEPARTMENT OF THE ATTORNEY GENERAL.

The meeting was resumed at 1:30 p.m. after a brief recess for lunch.

ASSIGNMENT OF DUTIES

The CHAIRMAN expressed concern over criticisms directed at the Commission which have come to his attention of complaints, inquiries and other matters that the COMMISSION has not taken action on. To improve working relations between COMMISSION and Staff and in order to expedite the handling of

inquiries, complaints, license processing and other internal and external administrative matters, he announced that each member assume the responsibilities on a certain phase of the COMMISSION's operations for effecting a workable arrangement with the Staff in a specific area.

The following assignments were made by the CHAIRMAN and accepted:

MR. KASHIWA was assigned the fiscal and budget responsibilities of the COMMISSION.

MR. CHING will work with Staff on problems of personnel, equipment and other physical needs.

MR. CROSS accepted the assignment of looking to the investigational procedure of the Commission, hearings and affiliation with the State Attorney General's Department.

MRS. AHRENS will work on education and ethics problems.

MR. WICK will be responsible for branch office control and outside islands education.

MR. YAMAMOTO will be in charge of legislation and examination phases of the Commission's activities.

ALOHA RENTAL SERVICE

EXECUTIVE SECRETARY reported on the background of operations of this rental service organization which approached this office with their plan before going into business. Basically, their plan of operation is to charge a fee of \$10.00 to prospective tenants who answer their advertisements and are then referred to a landlord. The management of this firm had voluntarily stipulated that fee would be returned to applicant if no rental is made. It is the opinion of the Staff that this organization does not fall within the jurisdiction of this office.

Name has since been changed to AAA RENTAL SERVICE upon complaint heard from ALOHA REALTY, LTD.

JAMES AND MARGARET KIM vs EUGENE KENNEDY

The CHAIRMAN reviewed this pending complaint which was on a "package deal" sold by a salesman employed by EUGENE KENNEDY, broker-developer, in which \$100.00 was withheld when initial payment was finally returned to prospective buyer after negotiations failed to materialize. After brief discussion Mr. WICK moved that the \$100.00 fee retained by Mr. KENNEDY was considered just charge for expenses incurred for additional drawings and other work necessitated by the Kim's demands and that the complainants be advised accordingly. Motion was seconded and unanimously carried.

JAMES Y. MARN vs "HOWDY" REYNOLDS

Investigator reported that this case was on appeal to the Supreme Court and CHAIRMAN directed Staff to obtain a confirmation of the appeal as recorded from Mr. Frank J. McLaughlin, counsel for "Howdy" Reynolds. Staff was directed to continue to monitor this court case.

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MANAGERIAL BUSINESS

- a. New Position of Typist I
- b. Equipment Purchases to 6/30/60

Due to the time factor, CHAIRMAN announced that the Commission will meet at a later date to discuss these matters, and secured the permission of the neighbor islands members to meet with Oahu members only to discuss this item.

DATE OF SPECIAL MEETING

It was agreed that the special meeting among Oahu members only be scheduled for Tuesday, March 29, 1960 at 9:00 a.m. The CHAIRMAN assured members that this meeting will be confined to action on applicants' criminal record check and new equipment purchases.

SALESMAN EXAMINATION RESULTS

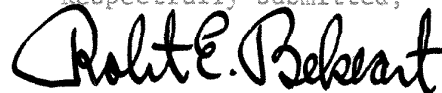
EXECUTIVE SECRETARY explained the procedure of the Staff in correcting examination papers and that the criteria is 15 out of 20 points on the Exclusive Listing and Initial Payment Receipt and Contract section and 75% of the overall examination or 82.50 of points attainable as stipulated under General Instructions in test booklet. Members felt that there were certain ambiguous or inappropriate questions in the March examination and after brief discussion it was ruled that on question #4 - both "true" and "false" answers be accepted in the scoring, and that multiple choice questions #21, #68 and #74 be disqualified, resulting in a total of 107 points attainable. It was the decision of the Commission that the criteria of 15 points out of 20 on the first section and 75% of entire examination be upheld. Staff was directed to re-score papers from top to #148 and #170 to #213.

Policy on inspection of examination papers and discussion of examination questions after notification of results was next on the agenda. After it was determined that candidates have a right to inspect their papers and/or appeal a decision, due to the time factor the CHAIRMAN secured the approval of membership for him to work out a suitable post-examination program with the Staff. He assured neighbor island members that they would be provided with information to service their island candidates.

ADJOURNMENT

Meeting adjourned at 3:15 p.m.

Respectfully submitted,



Robt E. Bekeart
Executive Secretary